

# ***NEBRASKA LOAN REPAYMENT PROGRAM***

## ***For Rural Health Professionals***

*The Rural Health Systems and Professional Incentive Act (the Act) was passed in 1991 by the Nebraska Legislature, creating the Rural Health Advisory Commission, redefining the Nebraska Rural Health Student Loan Program, and creating the Nebraska Loan Repayment Program. Funding for the Nebraska Loan Repayment Program was not appropriated until 1994.*

*The Nebraska Loan Repayment Program is for certain eligible health professionals willing to practice in a state-designated shortage area. Initially only physicians, nurse practitioners, and physician assistants (practicing one of the defined primary care specialties), clinical psychologists, and master-level mental health providers were eligible for loan repayment. In 1998, pharmacists, occupational therapists, physical therapists, and dentists were added to the program.*

### ***Who is eligible?***

- Physicians, nurse practitioners, and physician assistants practicing the specialties of family practice, general internal medicine, general pediatrics, obstetrics/gynecology, general surgery, and psychiatry;
- Dentists specializing in general dentistry, pediatric dentistry, or oral surgery;
- Clinical psychologists;
- Licensed Mental Health Practitioners;
- Pharmacists;
- Occupational Therapists; and
- Physical Therapists.

Eligibility is only one of the steps in being accepted into the program. Health professionals must have a non-provisional license and not be in residency training.

**NOTE:** State of Nebraska employees are not eligible for the Nebraska Loan Repayment Program.

### ***Where are the practice sites?***

Practice sites eligible for loan repayment must be located within shortage areas designated for each specialty by the Nebraska Rural Health Advisory Commission. State-designated shortage area listings and maps are posted on the Nebraska Office of Rural Health website at <http://www.dhhs.ne.gov/orh>. A statewide review of these shortage areas is completed every 3 years; however, if an area is experiencing health professionals retiring or resigning the community can request a review by the Rural Health Advisory Commission.

### ***How does the program work?***

The Nebraska Loan Repayment Program is a local-state matching fund program to assist local entities serving shortage areas to recruit and retain health professionals. There is a “community participation” application that the local entity must complete and submit and a “health professional” application that the health professional must complete and submit. Both applications, along with the health professional’s documentation of government and/or commercial educational loans must be received by the Rural Health

Advisory Commission in order to be considered for the loan repayment program. *Incomplete applications will not be accepted.*

The local entity must agree to provide a local match (up to \$30,000 per year for three years) and monitor the health professional's practice in the shortage area. The local match may come from any source and is paid into the State cash fund. The State will match the local entity's funds (up to \$30,000 per year for three years) and make payments to the health professional quarterly after verifying practice in the shortage area. The health professional cannot serve as the local entity and be self-monitored.

Communities must do their own recruiting, using the availability of loan repayment as a recruiting tool. Communities are urged to develop practice opportunities that offer a group practice environment with call sharing, coverage, and other professional support.

The health professional must agree to a **three-year practice obligation and accept Medicaid patients.** Leaving a shortage area prior to completing the 3-year practice obligation will result in the health professional repaying 150 percent of the funds received through the program at 8 percent interest from the date of default.

The Rural Health Advisory Commission will set the three-year practice obligation and the amount of loan repayment awarded based on several factors including but not limited to the availability of state funds, the date the complete application was received, the weekly practice hours in the shortage area, and the amount of local match.

Full time practice is defined as 40 hours per week. Loan repayment recipients may practice part time in a shortage area but not less than 20 hours per week. Benefits are reduced for part-time practice. In addition, the three-year practice obligation cannot be extended for part-time practice.

### ***What are the benefits?***

Nurse practitioners, physician assistants, master's level mental health professionals, pharmacists, occupational therapists, and physical therapists may receive up to \$30,000 per year (\$15,000 from local funds; \$15,000 from state funds) to be used toward the repayment of commercial or government educational loans. Physicians, dentists, and clinical psychologists may receive up to \$60,000 per year (\$30,000 from local funds; \$30,000 from state funds). The actual amount awarded will depend on the health practitioner's student loans, the local entity's local match, and the availability of state funds.

*As of January 1, 2009, funds awarded under the Nebraska Loan Repayment Program are no longer included in adjusted gross income for tax purposes (P.L. 111-148, 3/23/10).*

### ***Who administers the program?***

The Rural Health Advisory Commission approves applications for the Nebraska Loan Repayment Program which is administered by the Nebraska Office of Rural Health. For more information, please contact Marlene Janssen, Health Program Manager, Nebraska Office of Rural Health at (402) 471-2337 or email [marlene.janssen@nebraska.gov](mailto:marlene.janssen@nebraska.gov).

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